

## Message Text

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ACTION NEA-10

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6976

C O N F I D E N T I A L NEW DELHI 9923

STADIS

FOLLOWING TEL BOMBAY 1714 DTD 06 JUL 76 RCVD NEW DELHI  
BEING REPREATED TO YOU. QUOTE

C O N F I D E N T I A L BOMBAY 1714

EO 11652: NA

TAGS: TECH IN

SUBJ: INDIAN COMMENT ON ISSUE OF EXPORT LICENSE FOR TARAPUR FUEL

REF: STATE 165271

1. IAEC'S PLEASURE OVER ISSUANCE OF LICENSE WAS NOT AT WILL DAMPEN-  
ED BY THE TEXT OF THE MEMORANDUM ISSUED BY THE NRC IN APPROVING  
AMENDED XSNM-805. IAEC OFFICIALS WERE PROBABLY RELIVED THAT NRC  
STATEMENT FOCUSED ON DISPOSAL OF PLUTONIUM RESULTING FROM TARAPUR  
OPERATIONS RATHER THAN ON MORE DIFFICULT ISSUES CONNECTED WITH  
INDIA'S NUCLEAR PROGRAM. SETHNA HAS ALWAYS CONSIDERED THAT CONTROL  
OF PLUTONIUM IN WASTE GENERATED FROM US SUPPLIED FUEL IS A  
MANAGEABLE ISSUE WHICH ALTHOUGH DIFFICULT OF RESOLUTION IN DETAIL  
IS SUSCEPTIBLE OF MUTUAL ACCOMMODATION IN PRINCIPLE QUITE QUICKLY  
AND QUITE CLEARLY. HE SAYS THAT HE HAS OFTEN MADE POINT TO HIS  
COLLEAGUES IN INDIAN GOVERNMENT THAT US HAS THE RIGHT TO RETRIEVE  
THE PLUTONIUM GENERATED AT TARAPUR AND THAT INDIA SHOULD BE AS  
ACCOMMODATING AS POSSIBLE IN WORKING OUT WHATEVER MECHANISM US  
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WISHES TO INSURE THAT THIS MATERIAL IS USED ONLY IN ACCORDANCE  
WITH OUR DESIRES. ON JULY 2ND BEFORE IAEC HAD TEXT OF COMMISSION'S  
ORDER BUT AFTER IT HAD NEWS THAT LICENSE WOULD BE ISSUED, SETHNA  
SAID THAT HE WAS INCLINED TO BELIEVE THAT THE BEST WAY TO DEFUSE  
THE PLUTONIUM WASTE PROBLEM WOULD BE FOR THE US TO LEASE FUEL TO  
INDIA RATHER THAN TO SELL FUEL OUTRIGHT AND THEN BUY BACK THE

WASTE. HE SEEMED TO FEEL THAT AMERICAN CRITICS OF SAFEGUARDS WOULD CONSIDER LEASING A BETTER ASSURANCE AGAINST DIVERSION THAN A SELES' PROGRAM. HIS REASONING SEEMS TO BE THAT PEOPLE WOULD BE LESS LIKELY TO SUSPECT INDIA OF DIVERTING FUEL THAT ACUTUALLY BELONGS TO ANOTHER COUNTRY THAN OF DIVERTING FUEL WHICH TECHNICALLY IT OWNS. HE HOPED THAT THE NRC WOULD PURSUE STUDIES WHICH HE BELIEVES IT IS NOW UNDERTAKING TO RECOMMEND A LEASE PROGRAM FOR FUEL.

2. PRESS COMMENT IN BOMBAY ON LICENSE ISSUANCE CONSISTED ENTIRELY OF WASHINGTON DATELINED STORIES USUALLY SIGNED BY INDIAN CORRESPONDENTS AND USUALLY PLAYED ON THE FRONT PAGE OF THE MAJOR NEWSPAPERS HERE. THESE ACCOUNTS GENERALLY TOOK A TOUGHER LINE THAN THE COMMISSION'S FORMAL STATEMENT AND INDICATED THAT THE FORTHCOMING HEARINGS ON XSNM-845 WOULD PROBE IN DEPTH SOME DIFFICULT ISSUES. FOR EXAMPLE, TIMES OF INDIA STORIES WRITTEN BY THEIR WASHINGTON CORRESPONDENT M.V.KAMATH QUOTED CHAIRMAN ROWDEN AS STATING THAT THE NRC DECISION WAS A "CLEAR MESSAGE" TO INDIA, THAT THE US WAS GOING TO LOOK VERY CLOSELY INTO THE ADEQUACY OF CONTROLS ON INDIA'S STOCKPILING OF PULUTONIUM READILY CONVERTIBLE TO NUCLEAR EXPLOSIVES. THE KAMATH STORY ALSO QUOTED COMMISSIONER GILINSKY AS SAYING THAT "INDIA PLAYED WITH WORDS IN THE PAST AND MIGHT DO SO AGAIN." PARASURAM OF THE INDIAN EXPRESS PAID TRIBUTE TO AMBASSADOR SAXBE'S EFFORTS IN WASHINGTON TO ASSURE EXPEDITIOUS CONSIDERATION OF THE LICENSE ISSUE.

3. IT WAS POSSIBLE TO GATHER A GREATER APPRECIATION OF MEDIA AND GOVERNMENT IMPRESSIONS AT A DINNER ON SATURDAY JUNE 3 HONORING THE VISITING SENEGALESE MINISTER OF INFORMATION WHERE THE AMERICAN CONSUL GENERAL WAS THE ONLY NON-AFRICAN DIPLOMAT PRESENT. THE THIRTY GUESTS CONSISTED MAINLY OF TOP MEDIA EXECUTIVES FROM RADIO, TELEVISION, PRESS AND GOVERNMENT BUT THERE WERE A FEW BUSINESS AND FINANCIAL LEADERS PRESENT AS WELL AS TWO MINISTERS OF THE MAHARASHTRA GOVERNMENT. THE MAJOR TOPIC OF CONVERSATION WAS THE ISSUANCE OF THE US LICENSE FOR TARAPUR FUEL.  
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4. INDIAN OPINION WAS UNANIMOUS IN EXPRESSING PLEASURE THAT THE US HAD ISSUED THE LICENSE AND THAT THE HEARINGS WHICH HAD LONG BEEN EXPECTED IN INFLUENTIAL CIRCLES HERE COULD PROCEED IN AN ATMOSPHERE RELATIVELY FREE OF PRESSURE. MOST OBSERVERS EXPRESSED THE VIEW THAT THERE WERE GOOD PROSPECTS FOR WORKING OUT CONTINUING COOPERATION BETWEEN THE US AND INDIAN IN THE NUCLEAR FIELD ALTHOUGH ALL BELIEVE THAT THE HEARINGS WILL BE DIFFICULT AND STREWN WITH HAZARDS WHICH COULD BE EXPLOITED BY ANTI-NUCLEAR FORCES IN LTHE US AS WELL AS XENOPHOBES IN INDIA. SEVERAL JOURNALISTS MADE THE POINT THAT ISSUANCE OF THIS LICENSE SHOWED THAT THE US ADMINISTRATION HAD THE CAPACITY TO MAKE DIFFICULT DECISIONS IN AN ELECTION YEAR AND WAS NOT PARALYZED BY DOMESTIC POLITICAL CONSIDERATIONS. SEVERAL ILLUSTRATED THIS POINT BY NOTING THE DECISION FAVORING INDIA WAS TAKEN EVEN THOUGH THERE ARE NO VOTES IN A PRO-INDIAN DECISION WHILE ANTI-NUCLEAR AND ANTI-INDIA

ACTIONS CURRENTLY APPEAL TO IMPORTANT SEGMENTS OF THE US ELECTORATE.

5. SEVERAL LEADING INDIAN NEWSPAPER EDITORS HOWEVER ARGUED THAT WHILE IT WAS INDEED TRUE THAT THERE ARE GOOD PROSPECTS FOR WORKING OUT A CONTRINUATION OF COOPERATION WITH US IN THE NUCLEAR FIELD, INDIA'S ONLY REAL RECOURSE IN THE LONG RUN IS TO DEVELOP A FULLY INDEPENDENT CAPABILITY IN THIS AREA. C.S.PANDHIT THE EDITOR OF THE FREE PRESS JOURNAL BELIEVES THAT POLITICAL CONDITIONS WOULD ALMOST CERTAINLY BE ATTACHED TO ANY AGREEMENT EVEN THOUGH THEY WOULD BE UNSTATED. IT WAS THIS OVERALL POLITICAL CONTEXT THAT REALLY COUNTED AND ONCE THAT WAS LOST, IN PANDHIT'S VIEW, COOPERATON NO MATTER HOW WELL SET WOULD FOUNDER. TO BUTTRESS HIS POINT HE REFERRED TO INDIA'S EXPERIENCE WITH CANADA, CLAIMING THAT FOR TWO DECADES INDIA HAD HAD CLOSER COLLABORATION WITH CANADA IN THE NUCLEAR FIELD, AS WELL AS IN OTHER AREAS OF DEVELOPMENT, THAN WITH ANY OTHER COUNTRY. YET WHEN A DISAGREEMENT ABOUT THE PREMISES OF THIS COOPERATION OCCURRED, CANADA HAD TRIED TO USE ITS LEVERAGE TO FORCE BASIC CHANGES IN IMPORTANT AREAS OF INDIA'S POLICY. THIS IN PANDHIT'S VIEW SHOW THE FUTILITY OF RELYING ON FOREIGNERS IN MATTERS PARAMOUNT TO THE EXECUTION OF NATIONAL POLICY. THE ONLY VIGOUROUS DISSENT TO THIS VIEW CAME FROM ARVIND KILACHAND, THE IMMEDIATE PAST PRESIDENT OF THE INDIAN MERCHANT CHAMBER (LARGEST SINGLE TRADE ORGANIZATION IN THE COUNTRY), WHO INSISTED THAT PANDHIT WAS EXPRESSING A BADLY ERRONEOUS VIEW. KILACHAND SAID THAT PURSUING THE COURSE IMPLIED BY PANDHIT WOULD BE ANOTHER EXAMPLE OF CONFIDENTIAL

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INDIA'S LOSING AN OPPORTUNITY FOR THE KIND OF TECHNICAL COLLABORATION WITH THE WEST WHICH IS VITAL FOR THE RATE OF PROGRESS INDIA SEEKS AND NEEDS. KILACHAND SAID THAT THE INDIAN PROPENSITY TO WITHDRAW FROM NEGOTIATIONS WHENEVER DIFFICULT ISSUES CAME UP HAD LED TO THE POINT WHERE IT HAD PRACTICALLY NO EFFECTIVE COLLABORATION WITH THE WEST IN ANY MAJOR FIELD OF DEVELOPMENT. THIS PROCLIVITY HAS NOT ONLY RETARDED TECHNICAL DEVELOPMENT BUT IN KILACHAND'S VIEW HAS FORCED INDIA INTO UNPRODUCTIVE COLLABORATION WITH COMMUNIST STATES. WHILE HIS POINTS WERE TAKEN WITH SILENCE BY THE MINISTERS AND JOURNALISTS IN HIS AUDIENCE, IT WAS OBVIOUS THAT THEY HAD DEEP IMPACT.

5. JUST TODAY RAM TAMEJA DEPUTY GENERAL MANAGER OF THE TIMES OF INDIA WHO WAS PRESENT DURING THE KILICHAND-PANDHIT EXCHANGE, TOLD THE CONGEN THAT THE FORTHCOMING DISCUSSION OF NUCLEAR COLLABORATION BETWEEN INDIA AND THE US WOULD PROBABLY BE CRITICAL IN DETERMINING WHETHER INDIA WILL OPT FOR "GO-IT-ALONE POLICY" OR WILL TRY TO FIND NEW AVENUES FOR CONTINUING COLLABORATION WITH THE WEST TO EXPAND ON WHAT HAD BEEN LOST IN THE FIASCO WITH CANADA.

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